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ABSTRACT

The statistics are based on a household survey, collected annually, and are related to one year's earnings experience of family heads and unrelated individuals. Data show that after-tax earnings for the 30 million persons surveyed rose in 1973 by 5.8 percent but fell 0.4 percent after adjustment for consumer price increases (real after-tax earnings). Variations depended on sex and type of family head. Real after-tax earnings for husbands heading four-person families rose 1.6 percent, but for women who headed families real after-tax earnings dropped nearly 4 percent. Tables display (1) gross median earnings, 1963, 1972 and 1973, (2) after-tax median earnings, 1963, 1972, and 1973, (3) real after-tax median earnings, 1963, 1972, and 1973, (4) gross median earnings, 1963-1973, (5) after-tax median earnings, 1963-1973, and (6) real after-tax median earnings, 1963-1973 (1967 dollars). All tables refer to household heads who are nonsupervisory production workers (clerical, sales, blue-collar, and service excluding private household work) and to family type and size. (MDW)

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SUMMARY
U.S. DEPARTMENT OF LABOR Bureau of Labor Statistics
SPECIAL LABOR FORCE REPORT

Annual Earnings of Household Heads in Production Jobs, 1973

A new study by the Bureau of Labor Statistics confirms the fact that inflation sharply roded the increases in earnings for many Americans in 1973. The study, based on ousehold interviews, covers the 30 million household heads employed in production and onsupervisory jobs in the private nonfarm economy. After-tax earnings for these orkers rose by 5.8 percent, but their real after-tax earnings (after adjustment for onsumer price increases) fell by 0.4 percent. The extent of the erosion in earnings aried, however, by the sex and type of family head. For example, for husbands who eaded 4-person families, real after-tax earnings in 1973 rose by 1.6 percent, but for omen who headed families real after-tax earnings were down by nearly 4 percent.

Annual after-tax earnings statistics derived for this study from the Current Population Survey, differ from the monthly spendable earnings statistics published by the ureau of Labor Statistics. The annual data are based on a household survey, are ollected once a year, and relate to one year's earnings experience of family heads and nrelated individuals. Spendable earnings data, by contrast, are based on a survey of stablishments, are collected monthly, and relate to the average weekly earnings of all roduction or nonsupervisory workers reduced by the tax rates applicable to a worker ho earned the average and had three dependents or to a worker who earned the average nd had no dependents.

March 1975

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Before adjustment for price changes, the gross median annual earnings for most household heads rose strongly during the year, reflecting the advances in workers' wage rates. For husbands (wife present), other male family heads (wife absent), and unrelated individuals, the 1973 gross earnings increases, in fact, exceeded the annual average rates of increase for the 1963 to 1972 period. (See table 1.) The increase in earnings among women who were family heads, however, was lower than the long-run trend.

Increases in gross earnings of production or nonsupervisory workers did not entirely carry over to after-tax earnings. (See table 2.) Nevertheless, after deductions for Federal income and social security taxes, but before adjustment for price changes, after-tax median earnings rose 8.1 percent for husbands (from $7,700 to $8,400), 5.6 percent for unrelated individuals (from $4,200 to $4,400), 4.9 percent for other male family heads (from $6,500 to $6,800), and 2.3 percent for women family heads (from $3,700 to $3 800).

With consumer prices (as measured by the Consumer Price Index) rising by 6.2 percent from 1972 to 1973, the gain in real after-tax earnings for the 21 million husbands who worked as production or nonsupervisory workers in 1973, was only 1.7 percent. For the 6.1 million unrelated individuals and 600,000 other male family heads, on the other hand, real after-tax earnings dropped by 1 percent. However, among the 2.5 million women who headed families, earnings were down by nearly 4 percent.

Gross, after-tax, and real after-tax earnings are presented in tables 4, 5, and 6, respectively, for each year during the 1963 to 1973 period. These data indicate that although there has been a general uptrend in real after-tax earnings in this period, it has not occurred at a steady rate. Real after-tax earnings for all family heads and unrelated individuals rose strongly from 1963 to 1965, leveled off in the 1965-69 period, dropped sharply in 1970, began to rise again between 1970 and 1972, and then fell slightly in 1973. (See table 6.)

Additional 1973 earnings information for household heads employed in production and nonsupervisory jobs, as well as a discussion of long-term trends, will be presented in a Monthly Labor Review article now in preparation.

The median earnings statistics presented in this summary relate to household heads employed in clerical, sales, blue-collar, and service (excluding private household work) jobs in the private nonfarm sector of the economy. This combination of occupations is used to represent "production or nonsupervisory workers." The gross earnings statistics for these workers were collected in the March 1974 Current Population Survey. After-tax and real after-tax earnings estimates were developed by the Bureau of Labor Statistics.

Annual earnings data for the 1963-72 period was discussed in the April 1974 Monthly Labor Review article, "Measuring Annual Earnings of Household Heads in Production Jobs," by Robert L. Stein and Paul M. Ryscavage.

A full discussion of annual earnings and spendable earnings appears in the Stein-Ryscavage article. See also the Technical Note in current issues of Employment and Earnings.

Table 1. Gross median earnings of household heads who are production workers, by family type and size, 1963, 1972, and 1973

Groups	Gross earnings			Percent change 1/		Number of persons, 1973 (thousands)
	1963	1972	1973	1963-1972	1972-1973	
Total family heads and unrelated individuals...	$5,040	$ 7,823	$ 8,430	5.0	7.8	30,077
Family heads.....	5,298	8,455	9,225	5.3	9.1	24,011
Husbands.....	5,418	8,947	9,859	5.8	10.2	20,924
Two in family.....	4,889	7,691	8,579	5.2	11.6	6,264
Three in family.....	5,396	8,771	9,607	5.5	9.5	4,694
Four in family.....	5,796	9,829	10,830	6.1	10.2	4,682
Five in family.....	5,788	10,059	10,997	6.3	9.3	2,730
Six in family.....	5,610	9,681	10,755	6.3	11.1	1,357
Seven or more in family...	5,193	9,130	10,134	6.5	11.0	1,197
Other male family heads.....	4,686	7,613	8,117	5.5	6.6	575
Female family heads.....	2,685	4,058	4,205	4.7	3.6	2,512
Unrelated individuals.....	3,403	4,933	5,281	4.2	7.1	6,066

1/ Change for 1963-1972 is an average annual rate of change (compounded).

Table 2. After-tax median earnings of household heads who are production workers, by family type and size, 1963, 1972, and 1973

Groups	After-tax earnings			Percent change 1/	
	1963	1972	1973	1963-1972	1972-1973
Total family heads and unrelated individuals...	$4,385	$6,763	$7,153	4.9	5.8
Family heads.....	4,639	7,324	7,841	5.2	7.1
Husbands.....	4,741	7,730	8,353	5.6	8.1
Two in family.....	4,075	6,505	7,120	5.3	9.5
Three in family.....	4,611	7,465	8,058	5.5	7.9
Four in family.....	5,059	8,484	9,159	5.9	8.0
Five in family.....	5,172	8,819	9,442	6.1	7.1
Six in family.....	5,146	8,640	9,384	5.9	8.6
Seven or more in family...	5,019	8,409	9,153	5.9	8.9
Other male family heads.....	3,988	6,521	6,840	5.6	4.9
Female family heads.....	2,427	3,728	3,813	4.9	2.3
Unrelated individuals.....	2,778	4,197	4,430	4.7	5.6

1/ Change for 1963-1972 is an average annual rate of change (compounded).

NOTE: The tax liability is calculated under the assumption that the household head was the sole earner in the household and that wage and salary earnings was the only source of income. In deriving the Federal income tax liability, it was assumed that husbands filed joint returns, other male family heads and female family heads filed as heads of household, and unrelated individuals filed as single individuals. A further simplifying assumption was that the standard deduction was taken. The specific number of exemptions was determined by family size and it was further assumed that all members of the head's family were claimed as tax exemptions. The Social Security deduction is based on a flat percentage tax rate of earnings up to a taxable maximum.

Table 3. Real after-tax median earnings of household heads who are production workers, by family type and size, 1963, 1972, and 1973

Groups	Real after-tax earnings (1967 dollars)			Percent change 1/	
	1963	1972	1973	1963-1972	1972-1973
Total family heads and unrelated individuals...	$4,782	$5,397	$5,374	1.4	-0.4
Family heads.....	5,059	5,845	5,891	1.6	0.8
Husbands.....	5,170	6,169	6,276	2.0	1.7
Two in family.....	4,444	5,192	5,349	1.7	3.0
Three in family.....	5,028	5,958	6,054	1.9	1.6
Four in family.....	5,517	6,771	6,881	2.3	1.6
Five in family.....	5,640	7,038	7,094	2.5	0.8
Six in family.....	5,612	6,895	7,050	2.3	2.3
Seven or more in family...	5,473	6,711	6,877	2.3	2.5
Other male family heads.....	4,349	5,204	5,139	2.0	-1.2
Female family heads.....	2,647	2,975	2,865	1.3	-3.7
Unrelated individuals.....	3,029	3,350	3,328	1.1	-0.7

1/ Change for 1963-1972 is an average annual rate of change (compounded).

NOTE: The Consumer Price Index (1967 = 100.0) of the Bureau of Labor Statistics was used to deflate the after-tax earnings presented in table 2.

Table 4. Gross median earnings of household heads who are production workers, by family type and size, 1963-1973

Groups	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Total family heads and unrelated individuals.....	$5,040	$5,199	$5,409	$5,693	$5,948	$6,342	$6,739	$6,956	$7,271	$ 7,823	$ 8,430
Family heads.....	5,298	5,521	5,733	6,029	6,323	6,764	7,236	7,455	7,828	8,455	9,225
Husbands.....	5,418	5,681	5,989	6,322	6,611	7,105	7,626	7,876	8,272	8,947	9,859
Two in family.....	4,889	5,060	5,304	5,702	5,870	6,339	6,800	7,013	7,256	7,691	8,579
Three in family.....	5,396	5,593	5,909	6,212	6,576	6,948	7,502	7,684	7,973	8,771	9,607
Four in family.....	5,796	6,081	6,401	6,778	7,021	7,621	8,205	8,400	9,032	9,829	10,830
Five in family.....	5,788	6,283	6,458	6,825	7,192	7,679	8,200	8,690	9,178	10,059	10,997
Six in family.....	5,610	6,075	6,322	6,611	7,120	7,584	8,246	8,450	9,071	9,681	10,755
Seven or more in family.....	5,193	5,408	5,836	6,220	6,526	7,209	7,564	7,976	8 275	9,130	10,134
Other male family heads.....	4,686	4,745	5,009	5,043	5,612	5,756	6,449	6,620	6,786	7,613	8,117
Female family heads.....	2,685	2,753	2,814	2,933	3,223	3,377	3,482	3,614	3,866	4,058	4,205
Unrelated individuals.....	3,403	3,320	3,502	3,741	3,901	4,115	4,220	4,498	4,686	4,933	5,281

Table 5. After-tax median earnings of household heads who are production workers, by family type and size, 1963-1973

Groups	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Total family heads and unrelated individuals	$4,385	$4,597	$4,815	$4,980	$5,173	$5,431	$5,697	$5,889	$6,245	$6,76[illegible]	$7,153
Family heads	4,639	4,906	5,130	5,298	5,527	5,820	6,145	6,352	6,758	7,324	7,841
Husbands	4,741	5,047	5,356	5,549	5,772	6,103	6,465	6,696	7,130	7,730	8,353
Two in family	4,075	4,322	4,655	4,854	4,976	5,290	5,599	5,834	6,076	6,505	7,120
Three in family	4,611	4,877	5,197	5,367	5,644	5,883	6,261	6,379	6,774	7,465	8,058
Four in family	5,059	5,394	5,716	5,932	6,124	6,225	6,943	7,184	7,786	8,484	9,159
Five in family	5,172	5,669	5,846	6,074	6,371	6,691	7,064	7,[illegible]58	8,037	8,819	9,442
Six in family	5,146	5,598	5,844	5,988	6,410	6,725	7,223	7,406	8,072	8,640	9,384
Seven or more in family	5,019	5,234	5,629	5,872	6,109	6,658	6,916	7,265	7,610	8,409	9,153
Other male family heads	3,988	4,131	4,400	4,385	4,832	4,909	5,382	5,751	5,774	6,521	6,840
Female family heads	2,427	2,501	2,575	2,661	2,913	3,029	3,096	3,220	3,449	3,728	3,813
Unrelated individuals	2,778	2,782	2,960	3,128	3,246	3,375	3,426	3,615	3,866	4,197	4,430

Table 6. Real after-tax median earnings of household heads who are production workers, by family type and size, 1963-1973 (1967 dollars)

Groups	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Total family heads and unrelated individuals	$4,782	$4,948	$5,095	$5,123	$5,173	$5,212	$5,189	$5,064	$5,148	$5,397	$5,374
Family heads	5,059	5,281	5,429	5,451	5,527	5,585	5,597	5,462	5,571	5,845	5,891
Husbands	5,170	5,433	5,668	5,709	5,772	5,857	5,888	5,758	5,878	6,169	6,276
Two in family	4,444	4,653	4,926	4,994	4,976	5,077	5,099	5,016	5,009	5,192	5,349
Three in family	5,028	5,250	5,499	5,522	5,644	5,646	5,702	5,485	5,585	5,958	6,054
Four in family	5,517	5,806	6,049	6,103	6,124	6,262	6,325	6,177	6,419	6,771	6,881
Five in family	5,640	6,102	6,205	6,249	6,371	6,421	6,434	6,413	6,626	7,038	7,094
Six in family	5,612	6,026	6,184	6,160	6,410	6,454	6,578	6,368	6,655	6,895	7,050
Seven or more in family	5,473	5,634	5,957	6,041	6,109	6,390	6,299	6,247	6,274	6,711	6,877
Other male family heads	4,349	4,447	4,656	4,511	4,832	4,711	4,902	4,945	4,760	5,204	5,139
Female family heads	2,647	2,692	2,725	2,738	2,913	2,907	2,820	2,769	2,843	2,975	2,865
Unrelated individuals	3,029	2,994	3,132	3,218	3,246	3,239	3,120	3,108	3,187	3,350	3,328

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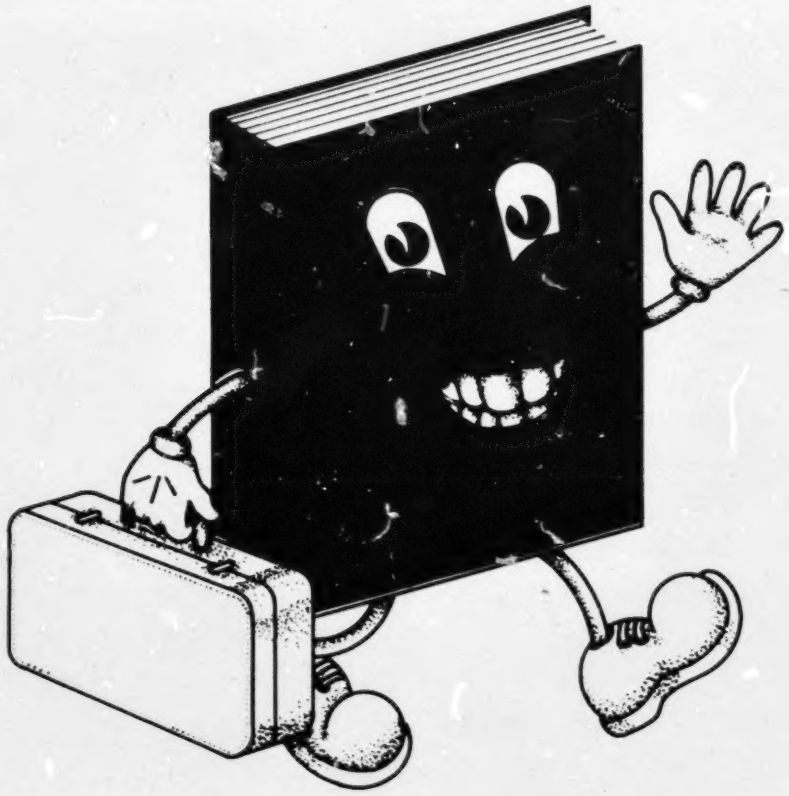

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